



March 8, 2016

Co-Chair Tim Larson
Co-Chair Stephen Dargan
Senator Anthony Guglielmo
Representative Lezlye Zupkus

Members of the Public Safety and Security Committee:

We are here today to **oppose** to **S.B. 358**, AN ACT CONCERNING THE PURCHASE OF LOTTERY TICKETS and **S.B. 360** AN ACT CONCERNING LOTTERY TICKETS.

The Connecticut Energy Marketer Association (CEMA) and the 1,000 convenience stores (c-stores) that we represent **oppose S.B. 358** as it undermines local businesses and some key practices that have protected the public.

Our industry is on the front line when it comes to preventing underage sales of age restricted products like lottery tickets. Allowing an online third party (or "lottery management services company") to sell tickets increases the risk that underage purchasing of tickets occurs.

Under the current system, trained employees are able to age verify customers to prevent underage sales. Selling lottery tickets online eliminates a key line of defense in preventing underage sales – and that is our employees!

The public has depended on c-stores and other brick and mortar lottery agents to pay customers when they have a winning ticket - what assurance does the public have that a third party seller of lottery tickets will make good on their promise to pay?

The lottery works on a 5% commission on the sale of ticket sales. On line sales of tickets should call for very close scrutiny of the economics that support this type of activity. If the commission on a ticket sale is only 5% and a credit or debit card is used to purchase the ticket, the processing fees in some cases may exceed the amount that can be made on the sale of a ticket.

Fragile economics for online sales like the one being proposed in S.B. 358 could ultimately mean that winners do not receive all of their winning – or worse none at all.

CGS 12-806b prohibits the Lottery from selling its tickets over the internet and that should be reaffirmed with the **defeat of S.B. 358!**

Since the inception of the lottery, our members have been paid a 5% commission on their ticket sales - that is sustainable because of the sale of fuel and other products sold in our c-stores.

Allowing a third party to sell lottery tickets over the internet has the potential to reduce ancillary sales at our c-stores, effecting the thousands of jobs we provide in virtually every municipality in the state.

Another bill that concerns our industry is S.B. 360, if the language contained in this bill passes, it may jeopardize Connecticut's ability to continue to offer lottery games that are played in multiple states and hurt our ability to compete with adjacent states that offer these games.

For example, our understanding is that if Connecticut passes language that eliminates all lottery ticket prize claim expiration periods, it could endanger our ability to offer games like Powerball and Mega Millions. This would occur because we would no longer have claim periods that are uniform with other states who offer the same games.

The elimination of these multi-state games would drive our customers across the state boarder into New York, Massachusetts, and Rhode Island hurting not only lottery sales, but taking with it gasoline sales and other ancillary in store sales (ie, cigarettes, coffee, soda, etc).

Many convenience stores saw a spike in sales as the Powerball ran up to and exceeded a \$1 billion dollar jackpot last January. If S.B. 360 were to have been in effect last year, there is no doubt that Connecticut consumers would have fled across state lines to purchase tickets, taking the sale of other products that would have occurred in our state and the tax revenue that goes along with those sales.

Connecticut already has the highest gasoline tax in New England. Do not give our customers another reason to do business across state lines.

We ask that you consider the local businesses who sell lottery tickets and **oppose S.B. 358, AN ACT CONCERNING THE PURCHASE OF LOTTERY TICKETS** and **S.B. 360 AN ACT CONCERNING LOTTERY TICKETS**.

Respectfully,

Christian A. Herb
President

CEMA represents local family owned motor fuel distributors who own, operate, and distribute fuel to approximately 1,000 c-stores in our state.